

TRANSMITTAL SLIP		DATE 25 May 1989
TO:		
ROOM NO.	BUILDING	
REMARKS: EXA <u>seen</u> 25 MAY 1989 REGISTRY (FILE) D/OFM, IG received a copy. Sent our copy of booklet to Comptroller FYI.		
FROM:		
ROOM NO.	BUILDING	EXTENSION

FORM NO.
1 FEB 56 241REPLACES FORM 36-8
WHICH MAY BE USED.(47)
GPO : 1988.0 - 207-558

EXECUTIVE SECRETARIAT

ROUTING SLIP

TO:

		ACTION	INFO	DATE	INITIAL
1	DCI				
2	DDCI				
3	EXDIR				
4	D/ICS				
5	DDI				
6	DDA		X		
7	DDO				
8	DDS&T				
9	Chm/NIC				
10	GC				
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12	Compt				
13	D/OCA				
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SUSPENSE		Date			

Remarks

ER 89-2079

J. M. B.
 Executive Secretary
 23 May '89

Date

3637 (10-81)





United States
General Accounting Office
Washington, D.C. 20548

Accounting and Financial
Management Division

Date : May 19, 1989

To : Heads of Departments and Agencies

Subject: Revision of Title 7, GAO's Policy and Procedures Manual for Guidance of Federal Agencies (Exposure Draft)

The General Accounting Office is revising title 7 of GAO's Policy and Procedures Manual for Guidance of Federal Agencies. This revision is intended to simplify and modernize GAO's guidance on legal and accounting requirements for fiscal procedures. It supplements accounting, internal control, and system standards prescribed in title 2 of the manual.

This exposure draft was prepared after consulting with Treasury, OMB, and other executive branch agencies and private sector organizations. It incorporates numerous suggestions from the government's chief financial officers and inspectors general. The revisions reflect recent changes in legal requirements and interpretations and facilitate use of modern technology.

Principal changes include

- providing updated coverage of agency responsibilities for accounting and centralized financial reporting, including the tie-in of account symbols and titles and the uniform chart of accounts as set forth in the U.S. Government Standard General Ledger; continuing resolutions; supplemental budget authority; the recording and reporting of obligations; and year-end closing and adjusting of current and expired account balances;
- updating and incorporating the closely related guidance on accountable officers, account settlement, relief of accountable officers, and statistical sampling that previously was presented in title 3--audit;

- pointing out that automated voucher processing techniques and controls do not relieve agencies from complying with voucher examining requirements;
- emphasizing that certifying and disbursing officers, who are relying on systems, controls, and other personnel when certifying that vouchers are proper for payment, must have a reasonable basis for that reliance;
- pointing out that such reliance requires well defined organizational structures and lines of responsibility, effective use of technology, and effective reviews of voucher processing procedures and controls;
- providing agencies with greater flexibility in the selection of voucher examining techniques, including higher limits on statistical sampling and provision for possible combinations of statistical sampling and fast pay approaches; and
- clarifying requirements for reporting fiscal irregularities and for obtaining relief of accountable officers.

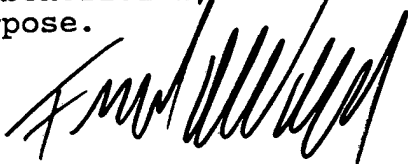
In addition, we have summarized and paraphrased statutory and other regulatory requirements whenever feasible, while adding an appendix of legal excerpts. Also, appendix I provides updated guidance on standard and optional fiscal forms and identifies certain governmentwide optional forms that are proposed for cancellation, and appendix VI provides a detailed cross-reference between the existing and proposed content of the manual.

We are sending a copy of the draft to the head of each department and independent agency, and, to facilitate review in the larger agencies, we are also sending copies to offices responsible for financial management, audit, and inspector general activities. Additional copies may be requested from our Distribution Section at FTS 275-6395.

We will appreciate receiving your comments within 60 days from the date of this letter. Please address them to:

Mr. Ronald S. Young, Director
Accounting Principles and Standards
Accounting and Financial Management Division
U.S. General Accounting Office
441 G Street NW, Room 6027
Washington, DC 20548

We recognize that this proposed issuance addresses numerous complex and difficult issues and that your comments and suggestions will be extremely useful in developing the final product. When analysis of your comments reveals issues on which it appears that further discussion, either with officials of a particular agency or of several agencies would be beneficial, we will contact agency representatives for that purpose.



Frederick D. Wolf
Assistant Comptroller General

Enclosure